

The complaint

Mr P and Mrs P complain that Cumberland Building Society didn't clearly communicate how their faster payment would be processed by the receiving bank.

What happened

Mr P used his and Mrs P's Cumberland current account to make a faster payment to a bank. But the payment was returned unpaid due to it appearing to come from Cumberland's clearing bank, rather than the account Mr P and Mrs P held with Cumberland.

Mr P didn't think this was fair. He told Cumberland he thought it was fairly common practice for deposit takers to insist that any funds they received were transferred from a specified account in the name of the account holder. He felt that any fund transfers made from a Cumberland account to another financial institution which took this approach would be returned. He suggested Cumberland provide some kind of notice to its customers, advising that payments might be returned by the recipient bank. He also highlighted the several days it usually took before the funds were credited back to the original account.

Cumberland offered to provide an explanation letter for Mr P to give to the bank as well as a £25 gesture of goodwill. It thanked him for the feedback he provided and the suggestions he made. However, Mr P wasn't satisfied the bank would accept the letter Cumberland offered to provide. He also noted that, in general, this type of letter would only be issued once a customer had experienced a rejection of their payment.

Mr and Mrs P brought the complaint to our service. Our Investigator didn't uphold the complaint. She didn't think Cumberland was required to tell customers of the process it used where the impact was likely to be minimal. She wasn't persuaded the issue Mr P experienced would affect a high proportion of Cumberland's customers, so didn't expect it to reference it in the terms of the account. She said almost all building societies used the same process, and it was common practice.

Mr and Mrs P disagreed with the Investigator's view. They questioned the reference to building societies, believing it more appropriate to compare firms offering current accounts. They gave their belief that Cumberland was the only current account provider which wasn't a direct member of faster payments. They argued that an increasing number of financial institutions would reject payments sent through clearing banks and so Cumberland should advise its customers on its website, prior to sending a faster payment, that the reference would be Cumberland's bank account, and not that of the customer's.

Mr and Mrs P said the issue impacted all Cumberland current account customers who made payments to financial institutions which adopted increasingly common security and money laundering checks. They highlighted that when the issue occurred, Cumberland didn't inform its customers, and funds could take a number of days to return to the original account.

As no agreement could be reached, the case was passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, whilst I realise this will be disappointing for Mr and Mrs P, I won't be upholding this complaint. I've explained why below.

I've taken into account Mr and Mrs P's detailed submissions, but if there's something I've not specifically mentioned, it isn't because I've ignored it – I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. I hope that Mr and Mrs P won't take it as a discourtesy that I've described and condensed this complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint.

I should point out that my role here is to think about the individual circumstances of this complaint. If I think Cumberland did something wrong which caused Mr and Mrs P to lose out as a result, I can then think about what – if anything – it should do to set matters right.

Here, Cumberland has apologised for the inconvenience Mr and Mrs P experienced, and has offered £25 as a gesture of goodwill. It has also agreed to take their recommendations into consideration. I think this is fair. I say this because the use of a clearing bank isn't unusual. And while there has been some form of mismatch or issue between Cumberland and the receiving bank, it doesn't automatically follow that this is due to a failing on Cumberland's part.

It isn't correct that Cumberland is the only current account provider without direct participation in faster payments. Further, the vast majority of building societies – whether they offer current accounts or not – only have access to a payment system through a contractual arrangement with an indirect access provider. In short, Cumberland is not alone in the clearing bank system it makes use of. If the issue experienced by Mr P was caused whenever a customer made an investment from a firm with indirect access, it follows that this would be a far more widespread issue. But complaints such as the one Mr and Mrs P have made are, in my experience, rare.

Even with what I've said above aside, ultimately, it was the receiving bank's decision to reject the payment. And whilst my final decision doesn't seek to offer comment on the correctness or fairness of that action, I can't fairly hold Cumberland responsible for the receiving bank's decision in that regard, particularly given what I've said about how common agency banking relationships are.

As mentioned, my role here is to decide whether Cumberland made a failing which caused Mr and Mrs P to lose out. I think the actions it has taken since the issue was raised by Mr P are positive, though I'm not persuaded it got things wrong; I've considered the relevant rules and regulations, as well as what I consider to be good industry practice, and I agree with the Investigator that Cumberland wasn't required to warn Mr and Mrs P about how it, or the receiving bank, might process their faster payment. It stands that all of us experience some form of inconvenience with our dealings with financial institutions, but this doesn't always mean the business was at fault, or that redress is required in the circumstances.

I also note Mr and Mrs P's concerns about how Cumberland recorded their complaint. These points amount to concerns about complaint handling, which isn't something I can award compensation for in isolation. But, in any case, Cumberland's handling of Mr and Mrs P's complaint has allowed them to bring their complaint to our service for assessment – which they have now done. And whilst my final decision won't be the outcome Mr and Mrs P

wanted, it remains that I won't be directing Cumberland to do anything in relation to this complaint.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 27 August 2025.

James Akehurst
Ombudsman